during the corresponding period in previous year. The increased expenditure relate mainly to interest payment, defence, transfer to State and Union Territory Governments and subsidies.

Annual growth rate of bank credit

†2911. DR. MURLI MANOHAR JOSHI:
SHRI RAVI SHANKAR PRASAD:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that 30 per cent annual growth rate has been registered for the year 2005-06 with regard to bank credit in the country;

(b) if not, the details in this regard;

(c) whether the annual growth rate with regard to bank deposits has been declining; and

(d) if so, the details of deposits for the financial year 2005 and 2006 separately?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI 'S.S. PALANIMANICKAM): (a) and (b) Yes, Sir. The total loans and advances of Scheduled Commercial Banks (SCBs) amounting to Rs. 15.17 lakh crore outstanding as on 31st March, 2006 were 31.8% more than such loans and advances amounting to Rs. 11.51 lakh crore outstanding on 31st March, 2005.

(c) and (d) No, Sir. The outstanding deposits of SCBs have grown by 17.8% during 2005-06 as compared to 16.6% during the year 2004-05. Total deposits of SCBs stood at Rs. 18,37,557 crore and Rs.21,64,477 crore as on 31st March, 2005 and 31st March, 2006 respectively.

Pre-payment of small savings loans

2912. SHRI SURYAKANT ACHARYA:
SHRI JAYANTILAL BAROT:
SHRI KANJIBHAI PATEL:

Will the Minister of FINANCE be pleased to state:

(a) whether the State Government of Gujarat has requested the Central Government for surrender or pre-payment of small savings loans;

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†Original notice of the question was received in Hindi.

(b) whether the Central Government are considering to allow swap of • high cost outstanding small savings loans with fresh loans of small savings;

(c) whether States are in a position to raise fresh debts (market loans/ negotiated loans) at a rate of interest of 7 per cent;

(d) if so, whether Government are still charging 12 per cent on old small savings loans and even not accepting pre-payment;

(e) if so, the reasons therefor;

(f) the interest charged by Government on NSSF loans;

(g) whether this rate is higher than the interest on small savings scheme; and

(h) if so, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Yes, Sir. Some State Governments including Government of Gujarat have expressed reservations in accepting 100 per cent transfer of net small savings collections mobilized by them and have also requested to swap high coupon loans from the National Small Savings Fund (NSSF) with current lower coupon borrowings. Government of India has already implemented a State Debt Swap Scheme from 2002-03 to 2004-05 under which the States were enabled to pre-pay their high coupon loans, including small savings loans, owed to the Government of India with lower coupon loans from NSSF and additional open market borrowings. States swapped high coupon loans amounting to Rs. 1,03,652 crore under the scheme.

(c) No. Sir.

(d) to (h) The rate of interest on loans to States from NSSF depends upon the cost of funds, which includes, *inter-alia,* the interest paid to the depositors, remuneration paid to Department of Posts and banks, and the commission paid to small savings agents. Further, there is a mismatch in the maturity of small savings deposits and the tenor of loans to the States. The loans to the States are for a period of 25 years whereas the average maturity of deposits is around 6.5 years. However, the benefit of reduction in the interest rate on small savings deposits whenever effected from 1999 onwards, has been fully passed on to the States.